

March 9, 2005

**VIA FEDERAL EXPRESS TO:**

Integrated Health Services of Cliff Manor, Inc.  
Integrated Health Services of Riverbend, Inc.  
Integrated Health Services at Somerset Valley, Inc.  
Alpine Manor, Inc.  
Briarcliff Nursing Home, Inc.  
Integrated Health Group  
Spring Creek of IHS, Inc.  
Firelands of IHS, Inc.  
Elm Creek of IHS, Inc.  
(collectively, the "Tenants")

IHS Long Term Care Services, Inc.  
Abe Briarwood Corp.  
Tri-State Health Investors, LLC

Re: Notice of Default Under Master Lease Agreement

To Whom It May Concern:

We represent THCI Company LLC (the "Landlord").

Reference is made to: (i) the March 2002 Stipulation and Order by and between Integrated Health Services, Inc. ("IHS") and certain of its direct and indirect subsidiaries on the one hand, and Landlord, on the other (the "March 2002 Stipulation"), which established that IHS and 9 of its subsidiaries assumed their nine respective leases (the "Leases"); (ii) the April 23, 2003 Order of the United States Bankruptcy Court for the District of Delaware, which provides that "a Master Lease shall be deemed to exist, which Master Lease shall be deemed to incorporate the terms set forth in paragraphs 3(a), (b), (c), (d), (e), and (f) of the March 2002 Stipulation and shall further be deemed to incorporate by reference all terms of the existing Leases to the extent not inconsistent with the March 2002 Stipulation;" and (iii) the Confirmation Order in the bankruptcy proceedings of Integrated Health Services, Inc. entered on May 12, 2003, which provides, *inter alia*, that "the Master Lease shall be treated as an assumed lease pursuant to section 365 of the Bankruptcy Code, and the applicable Debtor(s) party to such Master Lease shall perform the Master Lease until the Effective Date of the Plan, after which the Master Lease shall be performed by the applicable Reorganized Debtor(s) . . . ."

Landlord hereby gives notice pursuant to Article 16 of each of the nine Leases, as incorporated by reference into the Master Lease, that the Tenants have failed to pay the base rent for March, 2005 in the amount of \$691,875. Pursuant to section 3.4 of each of the nine Leases, as incorporated by reference into the Master Lease, Landlord also hereby

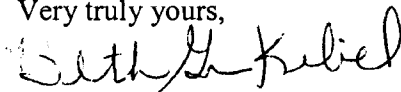
gives notice that late charges will begin to accrue on March 9, 2005 (5 business days after the due date) with respect to the unpaid March rent at the "Overdue Rate." We estimate the late charges to be \$142.17 per day.

Landlord also hereby gives notice that the Tenants have failed to pay certain "Additional Charges" as they have come due, as required by each of the nine Leases, as incorporated by reference into the Master Lease, including real estate taxes in the estimated amount of \$637,331.64.

In accordance with Article 16 of each of the nine Leases, as incorporated by reference into the Master Lease, you have seven (7) days after your receipt of this notice, or March 17, 2005, to cure the defaults under the Master Lease set forth herein. In order to cure the defaults set forth herein, you must (a) pay to the Landlord \$691,875.00 in base rent for of March, 2005, plus late fees accrued through the date of payment; and (b) pay, directly to the taxing authorities, all unpaid real estate taxes, including fines, penalties and interest, and provide official receipts or other satisfactory proof evidencing such payment to Landlord. If you fail to cure the defaults set forth herein on or before March 17, 2005 then the Landlord will have the right to pursue its remedies under the Master Lease, which include, but are not limited to, cancellation of the Master Lease.

If you wish to discuss this matter, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Beth Green Kibel", written in a cursive style.

Beth Green Kibel

**TO: (VIA FEDERAL EXPRESS)**

Integrated Health Services of Cliff Manor, Inc.  
4700 NW Cliff View Drive  
Kansas City, Missouri 64150

Integrated Health Services of Riverbend, Inc.  
11941 Belsay Road  
Grand Blanc, Michigan 48439

Integrated Health Services at Somerset Valley, Inc.  
1621 Route 22 West  
Bound Brook, New Jersey 08805

Alpine Manor, Inc.  
4114 Schaper Avenue  
Erie, Pennsylvania 16508

Briarcliff Nursing Home, Inc.  
850 N.W. 9<sup>th</sup> Street  
Alabaster, Alabama 35007

Integrated Health Group  
890 Weatherwood Lane  
Greensburg, Pennsylvania 15601

Spring Creek of IHS, Inc.  
5440 Charlesgate Road  
Huber Heights, Ohio 45424

Firelands of IHS, Inc.  
204 West Main Street, Route 162  
New London, Ohio 44851

Elm Creek of IHS, Inc.  
115 Elmwood Circle  
West Carrollton, Ohio 45449

IHS Long Term Care Services, Inc.  
The Highlands  
910 Ridgebrook Road  
Sparks, Maryland 21152

IHS Long Term Care Services, Inc.  
c/o Freilich, Leitner, & Carlisle  
4435 Main Street, Suite 1150  
Kansas City, Missouri 64106  
Attention: Robin A. Kramer, Esq.

Abe Briarwood Corp.  
c/o Kaufman Group  
321 Fifth Avenue, 3<sup>rd</sup> Floor  
New York, New York 10016  
Attention: Uri Kaufman

Abe Briarwood Corp.  
c/o Jenkins & Gilchrist Parker Chapin LLP  
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405 Lexington Avenue  
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Attention: Leonard Grunstein, Esq.

Abe Briarwood Corp.  
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Wilmington, Delaware 19801-1246  
Attention: Michael Lastowski, Esq.

Abe Briarwood Corp.  
c/o Backenroth Frankel & Krinsky LLP  
489 Fifth Avenue  
New York, New York 10017  
Attention: Abraham J. Backenroth, Esq.

Tri-State Health Investors, LLC  
1680 Michigan Avenue, Suite 736  
Miami Beach, Florida 33139